

Department of Social and Health Services

DP Code/Title: PL-WK HIPAA Security
Program Level - 110 Admin & Supporting Svcs

Budget Period: 2003-05 Version: K1 110 2003-05 Fall Update

Recommendation Summary Text:

This decision package requests funding to implement the Health Insurance Portability and Accountability Act (HIPAA) Security Rule. The rule requires the implementation of security best practices to ensure the confidentiality of individually identifiable health information.

Fiscal Detail:

Operating Expenditures

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Program 110			
001-1 General Fund - Basic Account-State	97,000	73,000	170,000
001-C General Fund - Basic Account-DSHS Medicaid Federa	59,000	45,000	104,000
Total Cost	156,000	118,000	274,000

Staffing

	<u>FY 1</u>	<u>FY 2</u>	<u>Annual Avg</u>
Program 110 FTEs	1.5	1.5	1.5

Package Description:

HIPAA was signed into law August 1996. This reform covers health care fraud and abuse prevention, medical liability reform, and administrative simplifications. Administrative Simplification is being implemented in three rules. This package requests funding to be in compliance with rule three, Security.

The department is currently developing project plans for implementing program area changes to be compliant with the first two rules. The draft Security Rule has been released, with the final version scheduled for release in the fourth quarter of federal Fiscal Year 2002. As currently written, the draft Security Rule suggests that implementing good security practices is required to secure protected health information (health information that is individually identifiable).

Good security practices are a combination of many things, including consistent implementation and enforcement of agency security policy, keeping software patches current, maintaining anti-virus packages, implementing agency firewalls, intrusion detection, auditing user access to applications and systems, secure authentication (such as hardened passwords), implementation of sanctions, and user training.

While most of these security practices are addressed in the current DSHS IT Security Policy Manual (ITSPM), the final version of the Security Rule may require modification of existing policies and procedures. An increased level of auditing is necessary for network-based systems. This impacts system resources, which may require hardware/software upgrades to accommodate the increased load, and will require more technical staff time to review and investigate logs. There will be hardware and staffing costs to implement an agency firewall service. Ongoing costs are associated with increased staffing to support the increased auditing, and firewall services.

Narrative Justification and Impact Statement

How contributes to strategic plan:

This decision package meets the agency balanced scorecard goal of integrating and coordinating information systems.

Performance Measure Detail

Goal: 28Z Integrate and coordinate information systems

Incremental Changes
FY 1 FY 2

Department of Social and Health Services

DP Code/Title: PL-WK HIPAA Security
Program Level - 110 Admin & Supporting Svcs

Budget Period: 2003-05 Version: K1 110 2003-05 Fall Update

Outcome Measures

TZ5	DSHS will be compliant with HIPAA rule 3.	90%	98%
-----	---	-----	-----

Reason for change:

Implementation of this rule is a federal mandate. Timely implementation is imperative to prevent fines or sanctions from Department of Health and Human Services (DHHS) for non-compliance. This decision package addresses DSHS' need for funding to implement the HIPAA Security Rule.

Impact on clients and services:

The implementation of the HIPAA Security Rule does not directly impact clients or services. Implementing additional security practices and enhancing existing practices will improve confidentiality of client and staff information.

DSHS clients are stakeholders. This rule may give clients more confidence that their health information is being adequately protected. DSHS clients are likely to be supporters of the rule.

Impact on other state programs:

Implementation of the HIPAA Security Rule impacts all DSHS administrations. It also impacts other state agencies such as: Department of Health, Health Care Authority, Department of Corrections, Veterans Affairs, and Department of Labor and Industries.

Relationship to capital budget:

Not applicable

Required changes to existing RCW, WAC, contract, or plan:

Implementation of the HIPAA Security Rule requires DSHS to modify existing agency policies and procedures on security.

Alternatives explored by agency:

Implementation of the HIPAA Security Rule is a federal mandate. There are no alternatives available to DSHS except to risk paying fines or penalties for non-compliance.

Budget impacts in future biennia:

Most costs, with the exception of equipment and project salaries and benefits, would continue in future biennia.

Distinction between one-time and ongoing costs:

One-time cost include project salaries and benefits associated with assessing system requirements, system modifications, and implementing system safeguards as well as hardware and software purchases.

Ongoing costs include salaries and benefits associated with oversight, implementation of necessary changes, and changes to policies and procedures and maintenance of an audit log.

Effects of non-funding:

If the HIPAA Security Rule is not funded it may require DSHS to divert funding from client services to Security Rule implementation. Failure to implement the HIPAA Security Rule may result in federal fines or penalties.

Department of Social and Health Services

DP Code/Title: PL-WK HIPAA Security
Program Level - 110 Admin & Supporting Svcs

Budget Period: 2003-05 Version: K1 110 2003-05 Fall Update

Expenditure Calculations and Assumptions:

See attachment - AW PL-WK HIPAA Security.xls

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Program 110 Objects			
A Salaries And Wages	79,000	79,000	158,000
B Employee Benefits	21,000	21,000	42,000
C Personal Service Contracts	5,000	5,000	10,000
G Travel	1,000	1,000	2,000
J Capital Outlays	40,000	5,000	45,000
T Intra-Agency Reimbursements	10,000	7,000	17,000
Total Objects	156,000	118,000	274,000

DSHS Source Code Detail

Program 110		<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State				
<u>Sources</u>	<u>Title</u>			
0011	General Fund State	97,000	73,000	170,000
Total for Fund 001-1		97,000	73,000	170,000
Fund 001-C, General Fund - Basic Account-DSHS Medicaid Federa				
<u>Sources</u>	<u>Title</u>			
19UL	Title XIX Admin (50%)	59,000	45,000	104,000
Total for Fund 001-C		59,000	45,000	104,000
Total Program 110		156,000	118,000	274,000